Thank you, Mr. Chairman. And through you, to our vice chairs and the entire Board of Governors, I want to say thank you for your tireless efforts to guide the system, along with the 14 universities, into the future.

I also want to acknowledge our elected officials, our councils of trustees members, the university presidents, our foundation members, and donors for their very important roles in ensuring the success of the State System.

Kelly, thank you for moderating today’s event. Through you, to all of our foundation board members and today’s sponsors — Highmark, PSECU, and M&T Bank— we really do express gratitude for your continued support, and know that your demonstration is indicative of what we find all over the Commonwealth of Pennsylvania with our business and industry partners.

I would be remiss if I didn’t recognize a very special guest, who is the light of my life...Courtney Brogan, who is with us today. Our 10-year-old, Colby John, could not be with us today. He and I wrestled a little bit over who would make these remarks. For those of you who have met Colby John, you know he’s quite capable of making these remarks, but a very important, last-minute spelling test pulled him in a different direction.

Finally, I want to acknowledge the most important people in the room...our students. We are fortunate to have with us a number of The Harrisburg Internship students, who come from all over the State System to spend a semester working right here in Harrisburg with one of our state agencies. These are remarkable young people who represent, truly, the best and brightest in our universities. Their adviser, J.B. Smith, is also with us, and I would ask them all to stand. Welcome to Harrisburg, and I hope you enjoy the experience and thank you for what you do.

I had occasion as I always do to meet with the students and, truly, they are a remarkable group of young men and women, and they make us all very proud and they are also going to be great additions to the Commonwealth in the future.

It’s important for an organization—from time to time—to pause and take stock of itself. And that is what we’re doing here today.

We’re here to celebrate our successes of this past year and to outline the opportunities and challenges that lie ahead for us in 2015-16. In a few minutes, I will talk about some of the challenges we are facing, but we must never overlook the good things happening in our system at the same time.

What does it mean to be part of the State System?
First of all the system, as you can see symbolically represented behind me where I stand today, is not the offices here in Harrisburg.

The system is our 14 universities working together to help more than 100,000 students reach for their piece of the great American dream. Systems all over the country, right now, as we sit here today, are working harder than ever before to try to harness the power that you bring together with universities that are part and parcel to a system. In these days and times especially, where togetherness is far more important than independence in the traditional sense, by pulling together, working together, organizing together, budgeting together, and then critically advocating our system together, we really have the potential of making an important statement as we move further into the 21st century.

When we gathered here a little more than a year ago, I shared our vision to make the State System the "most flexible, collaborative, and student-focused" university system in the United States.

What does it mean to be student-focused?

In everything we do, we must always remember that we are here for the students. They are the reason that we come together. They are the 100,000 young men and women who very soon will take their rightful place in the Commonwealth, and indeed around the country and around the world, in making this a better world, in which all of us might live.

The caliber and character of our students is unparalleled. Let me give you a few examples here today:

- Lucy Kauffman was a field hockey player for Shippensburg and won the NCAA's Walter Byers Scholarship, which is considered the NCAA's top national academic honor.

- Travonya Kenly won the State System’s 15th Annual Ali-Zaidi Award, which is presented annually to a graduating senior at one of our 14 universities in recognition of outstanding academic achievement and participation in extra- and co-curricular activities. Travonya graduated from Cheyney University with a Bachelor of Science degree in environmental biology/ecology and completed a variety of experiences, including summer internships with the Scripps Institution of Oceanography in San Diego and at the University of Oxford in England.

- State System university students also received numerous other prestigious national awards and scholarships, including a number of Benjamin A. Gilman International Scholarship winners and Fulbright awards.

Our students are succeeding both inside and outside the classroom at the same time. Student athletes at Millersville, Cal U, Clarion, and Kutztown competed on the national stage in a number of NCAA sports, and brought home five national titles to State System universities this year.

Every day, our students are doing great things to make us and their families all very, very proud.

Yet, students can succeed only with the support from world-class faculty. And we all know that faculty indeed is the heart and soul of each university. As each of our students exit that institution with a degree, giving them their shot at the great American dream, those people, those men and women who will remain behind to accept the next group, and the next group, and give them the additional skills and tools to be equally successful, make up the classrooms and the laboratories of our state university in the form and face of our faculty.
Because our faculty primarily focus on teaching, our students benefit from their knowledge and expertise every day. Even with our concentration on world-class teaching, however, we should never forget about the significant research underway at our universities. Let me share with you just a few examples:

- Dr. Wendy Becker, professor of management at Shippensburg University, was recently elected by her peers to serve as president of the board for the New York Metropolitan Association of Applied Psychology—the oldest and largest professional association of applied psychologists.

- Jonathan Warnock, a geoscience faculty member at Indiana University of Pennsylvania, spent the summer unearthing and imaging dinosaur bones from Utah’s Jurassic “Death Pit.” His work was featured in the July issue of the *Smithsonian* magazine.

- Dr. Aaron Haines, an assistant professor of biology at Millersville University, led a class of 13 students from five State System universities on a field study at Chincoteague Bay Field Station in Wallops Island, Virginia. Among their research, the group identified three new species that were not documented at that time by the United States Fish and Wildlife Service.

That last example points to something else we can be especially proud of in the State System—the myriad opportunities our undergraduate students have to participate in real, practical research. And it’s our faculty that lead these efforts.

Everyone has their role to play in the State System, and our university presidents, administrators, and trustees tirelessly support the efforts of our students, faculty, and staff.

Working together, we are advancing the State System even in the face of very real challenges that universities across the nation are also facing at the same time. Working together, we are advancing the State System even in the face of those odds.

Everything we do begins and ends with the academic enterprise:

Of course, as we look around our State System and see 14 universities geographically spread across the Commonwealth and know importantly that the work that they are doing in the classrooms and in the laboratories in today’s world need not line up only with their regional markets, but also have to transcend to the entire Commonwealth, and I mentioned earlier, to the country and the world, the real world in which these young men and young women are about to take their rightful place.

Since July 2014, the Board of Governors has approved 29 new academic programs, as the chairman mentioned, including five doctoral degrees. These programs were developed with the future in mind—in fields where there is growing demand for well-educated, well-trained professionals. A number of these programs are collaborative efforts among two or even more State System universities. More and more, we are recognizing the power of collaboration.

Universities are responding to the needs of the students, their future employers and the workforce as a whole. Universities are also carefully examining their program offerings to ensure they align with the needs of the Commonwealth.

It is really about keeping the best of the past and adding to it the genius of the future, and bringing all of that together academically. We truly can be a force with which to be reckoned in the 21st century in the state university system.
A good example of this effort is now underway at Cheyney University, which is working closely with our offices to chart a course for a brighter future, one in which their degree programs are more responsive to the needs of the students, the state and the 21st century world in which they will live.

Over the last five years, all across the System, our universities have introduced 276 new programs; during the same time, they have discontinued 143 programs, placed 246 programs in moratorium, and reorganized 99 others to meet new market demands.

It is about keeping and blending the best of the past with the best of the future.

But, there’s more work to do. This year, we’ll take an exponential step forward in ensuring greater alignment of our degree programs with the demands of students and the Commonwealth.

We’re conducting a system-wide, supply/demand gap analysis that will enable us to see—region by region—the kinds of degree programs that are needed in areas such as science, technology, the arts, the humanities, health, business, education, and so much more. This effort underscores why the State System plays such an important role in the economic health of the Commonwealth of Pennsylvania.

In fact, this year a new economic and workforce impact study was conducted, and the results are very impressive. The study found:

- The State System generates more than 6.7 billion dollars annually in economic activity.
- In addition to our own 12,000 employees, the System also supports approximately 62,000 external jobs statewide.
- Each university has an average economic impact exceeding 300 million dollars and supports about 4,400 external jobs in our communities.

In the simplest terms, the State System produces nearly 11 dollars of economic impact for every 1 dollar invested by the Commonwealth through its annual appropriation. That is by any stretch a tremendous return on investment.

With nearly 90 percent of our students being Pennsylvania residents and almost 80 percent staying here after graduation, the connection between the State System and Pennsylvania’s economic vitality is undeniable.

You will agree the State System has an important story to tell, because—in a very real sense—our story is the story of Pennsylvania. Our successes, our challenges, our opportunities are the foundation of Pennsylvania’s future.

That’s why we are doing everything we can to tell our story far and wide.

Toward that goal, this year we launched a weekly half-hour, public affairs program on PCN—Pennsylvania’s statewide cable network that reaches 10 million potential viewers. We call the program – you can see it behind me – “Infinite Opportunities” because it features stories about the countless ways our 14 State System universities are making a true difference.

The first round of programs also has included interviews with each of our university presidents, who I will tell you were easy interviews, by me, their interviewer. All I basically had to do was say, ‘Tell me about your university,’ and the time flew after that. They are very proud of their institutions, each and every one.
The first round of those programs after the interviews also included very important information about each of our universities, programs and activities, both extra- and co-curricular, giving people a good understanding how each of our universities work, how they tick, and what their plans for the future happen to be on a statewide scale—rather unparalleled in our efforts to make sure that all of the people of the Commonwealth know how fortunate they are to have our 14 universities reside in this wonderful, beautiful state.

An important part of telling our story—as a System—includes what we are doing to be more effective, efficient, and transparent stewards of our resources, something the Board of Governors feels very strongly about.

I'd like to tell you about just three of the initiatives that we've engaged in during the course of this year to do just that.

First of all, we had the first rollout in the history of our system of something we call the university action plans—the opportunity with a complete template, which is the same for each of our 14 universities, through important data and statistical information as well as narrative form, to tell the story of the university: where it’s been, where it is, and, then, critically where that institution proposes to go moving forward. What new ideas, what new programs is that university considering for the future of the institution? How does it line up financially with the needs of the institution and its ability to make sure that these are sound business decisions at the same time? What are the aspirations of that institution for its students, its faculty, its community and the Commonwealth of Pennsylvania?

For those who have had the occasion to be witness to the presentation of these action plans for the first time, I along with many were very proud of how our universities laid down in documented form where they hope to go in the future and how we all need to work together to help them to be able to get there.

I also want to talk about the university financial risk dashboards, something we also created this year at the direction of the Board of Governors so that for the first time we can have a much clearer, more transparent and succinct view of how each of our 14 universities is faring on the financial, business side. We know it’s all about academics at the end of the day, but we also know that operating a university system of higher education also means paying attention to those things that contribute to the financial wellness of the system as it’s played out in the face and form of 14 individual universities.

Those dashboards are now complete, but they will be updated just like the action plans on an annual basis and together those two instruments will provide for those who see them, hear about them, and understand them a much clearer picture than ever before about the financial wellness of our institutions now and going forward and about where those institutions want to take their student body into the 21st century.

I also want to talk about the system governance presentations. You know, this System has existed now for decades, and things happen over decades, especially as it relates to people’s clear understanding of roles and responsibilities in a governance structure and we thought, the Board thought, coming out of last year’s retreat, that it would be a good idea to put together a clear and concise presentation about all of the afforded goals, and responsibilities associated with those goals, that make our system work.

What is the chancellor responsible for doing, by law, by rule, by policy? What are Board of Governors’ members responsible for doing, by law, by policy, to be clear fiduciaries of the system of higher education that we call Pennsylvania’s State System? What are each of the presidents responsible for doing? What are the councils of trustee members responsible for doing? All of this so that we could
stop for a moment, and these presentations are taking place all over the Commonwealth today, so that we could make certain, if nothing else, that everyone understands clearly what they are responsible for among the many functions that they serve for us, to make sure that our system is moving forward in an efficient and effective way.

All of that is critically important to the future of this system.

This year, we will extend our efforts toward greater system-wide transparency and accountability by working on a “Student Success Dashboard,” giving us the ability as some states do to have a much clearer picture of how we’re doing individually as institutions and collectively as a system on some of those key performance metrics that demonstrate student success. Where are we feeling we are working in strong stead and where we need work, in a clear and concise and transparent way? It will help us to track the progress we are making on metrics such as graduation rates, time to degree, retention rates, and so much more.

This year, we will also take major steps to update our performance funding model. Pennsylvania, whether you know it or not, is a national leader in performance funding and has been for more than a decade. But that’s a long time. Many things have changed.

Now we need to update our model to incorporate the new transparency and accountability tools that we’re putting in place and make sure that it works with where our universities are today and going forward. So we’re going to dust it off and adapt as necessary to make sure it is in lockstep with the needs of the 21st century.

Under the heading of greater transparency, we’ve been praised by the state’s Auditor General on a number of occasions for our level of openness and cooperation with that office.

The Auditor General performed the first-ever performance audit of the State System—imagine how excited we were to hear the news—which reaffirmed the Board of Governors’ commitment to providing high-quality, high-value educational opportunities to our students. He further acknowledged the serious challenges we face as a system, given our stagnant or declining state appropriations, while also recognizing all we have done to control costs during that same time period.

Advocacy is a critical part of our future and as I look around this room and I see represented here not only by individuals, but, very importantly, the constituencies they represent, I really believe that in these very difficult and trying times that are taking place all over the country, we have somewhat of an advantage. There’s an army of people in this state who, if organized appropriately, are willing to take on an advocacy role for our Pennsylvania State System of Higher Education. You represent many of them here today, and with our friends like Lee James in the General Assembly and so many others who understand why we’re important to the Commonwealth of Pennsylvania, to the country, and the world, I’m convinced as difficult as these times are, better days lie ahead by tapping that advocacy on behalf of the system and the beauty is as I’ve made remarks about today, there are so many great examples that people need to hear about and talk about and consider to be sure that advocacy has standing behind it guaranteed examples of why we are so important, not just to the students we serve, but to the Commonwealth in which we all reside.

With that new investment comes an expectation for continued innovation on the part of the system. There has to be an alignment of not only advocacy, but a continued importance in the value of the future and our destination point, which is that future.
With that in mind, we will also tackle the need to expand, this year, things like online learning opportunities.

The world of technology is a marvel as we all know. Online education is changing education all over the world. We have to make sure that our system is not only utilizing online education, but utilizing it in a way that will maximize opportunities to students and faculty and guarantee an efficiency in its operation that will make our system a destination point for online education, not only for our current students who oft times take online educational programming to supplement their traditional programming, but also for students and nontraditional students around the Commonwealth, the country, and even the world who would ultimately like to tap into what we do online by way of educational offerings.

We will also take time this year to review our general education program.

If you can find a student these days and stop ‘em on campus and say, ‘Explain general education,’ and get more than, ‘Those are the things that I have to take before I can move on to the lightning round, which is my degree opportunity,’ you’ve found a pretty smart student.

Most students still today, and it wasn’t much different when I was a student, clearly understand the importance of the general education programming portion of the education opportunity, but it also is something that needs long overdue nurturing. We need to reorganize our general education offerings and make sure that we keep the best of the past, but organize it in a way that will be efficiently provided to our students and help guarantee that when they’ve navigated those critical general education requirements, they not only have not just met the obligation, they take with them the knowledge base and the skills to then be more productive in pursuing their major course of study and also have skills that will translate later to the real world in which they are going to live. The ability to think clearly and to communicate, the ability to understand technology and its power, the ability to solve problems, individually, and as a group.

Those are the kinds of things that all of our students need to take away with their degree from one of our institutions. We’re going to be working on that general education review this year.

In conclusion, our System is at a crossroads, ladies and gentlemen. We have accomplished much this past year, together. But there is more work ahead of us.

Today, our enrollments reflect the fact that fewer high school graduates are coming out of Pennsylvania’s high schools—not much of a surprise to anybody in these days and times. In the next few years, those numbers are expected to turn slightly upward, and enrollment in our universities will likely follow.

But, it is the choices we make, right now, that matter most. The decisions we make today will determine what kind of system we will be when those numbers do start to turn around.

While we have high hopes for new state investment in our state universities—and we do appreciate everything the Governor and General Assembly are doing to make that happen—we cannot simply rely on more money as a panacea. Our university leaders are doing remarkable work under challenging conditions. They are being creative and entrepreneurial to find new solutions. But we must do more.

Right now, we must be willing to challenge every basic assumption in order to ensure a sustainable future for each of our 14 universities within this System.
Right now, we must innovate and collaborate to achieve greater efficiencies as we work to deliver Pennsylvania’s best-value in higher education.

And just one example, while it is important that we continue to serve our traditional student base, we must do more these days to make our universities more accessible to community college transfers and adult learners who want to pursue a degree while maintaining their careers and families. This will require us to offer more programs in flexible times, places, and modes of delivery.

Think about this: there are more than one million Pennsylvanians who started a degree but never finished. We’ve gotta reach out to those individuals to let them know they have options at a State System university, and ensure we’re organized in a way to meet their needs.

If we do the hard work and rethink how we approach our business model, I firmly believe, as do all of you, I know, that we could double the number of transfers and non-traditional students we serve within a decade in this system.

Right now, we must be ready and able to make some hard decisions about the programs we offer, the way we’re organized, and how we operate to ensure we are as effective and efficient as possible.

We owe that to our students, now and in the future. We owe that to the communities we serve, now and in the future. We owe that to the Commonwealth, now and in the future.

And I’m convinced that every person in this room, and those you represent, is dedicated to ensuring the State System is poised to fulfill its mission for decades yet to come.